



“Kaya Limited  
Q1 FY2022 Earnings Conference Call”

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**Dolat Capital**



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**Moderator:** Ladies and gentlemen, good day and welcome to Q1 FY2022 earnings conference call of Kaya Limited, hosted by Dolat Capital Markets Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sachin Bobade from Dolat Capital. Thank you and over to you Sir!

**Sachin Bobade:** Thank you Steven. On behalf of Dolat Capital, I welcome you all to the Q1 FY2022 earnings conference call of Kaya Limited. Hope you all and your family are staying safe and healthy during the pandemic times. From the management side, we have with us Mr. Rajiv Nair Chief Executive Officer, Mr. Vikas Agarwal, Chief Executive Officer, Kaya Middle East Limited and Mr. Saurabh Shah, Chief Financial Officer. Now I hand the floor to the management for their opening remarks and then we would have a question-and-answer session. Over to you Sir!

**Saurabh Shah:** Let me begin the conference call with a very short update on Q1 FY2022 of Kaya Limited which is already in public domain and in our website [www.kaya.in](http://www.kaya.in). Kaya Limited posted consolidated revenue from operation of Rs.66.2 Crores for the quarter ended June 30, 2021, a growth of 177% over corresponding quarter June 30, 2020.

Consolidated EBITDA is Rs. 4.9 Crores in Q1 FY2022 as compared to negative 13.4 crs in Q1 FY2021. Consolidated loss after tax and before exceptional item for Q1 FY2022 is Rs.14.4 Crores as compared to loss of Rs.31.8 Crores in Q1 FY2021. Kaya India loss after tax and before exceptional item for Q1 financial 2022 is Rs.12 Crores as compared to loss of 17.4 Crores in Q1 FY2021.

I would like to handover the call over to Mr. Rajiv Nair, CEO of Kaya India to brief on quarter performance. Thank you.

**Rajiv Nair:** Good evening everybody. Business in India was disrupted due to the second round of COVID and was operational only for 40 days in FY2022 and the month of June business resumed with restricted hours and certain restrictions from the government on weekend performance.

Mall clinics continued to be shut down in certain cities, but things are coming to normalcy as we go forward in the current quarter. Digital business has contributed to 22% of the total

net revenue which is largely our e-commerce with partners. Product business has contributed to 29% of the total net revenue.

Kaya expanded its digital footprint with an exclusive tie up with Curefit for skin and hair services across cities like Mumbai, Delhi, NCR, Bengaluru, Hyderabad, and Chennai. Our company has initiated a zero-based organization at ZBO and ZBX projects with Accenture to bring sustainable savings across people and other expenses.

Our company also embarked on creating a brand new D2C website, which would be launched in Q2 for sale of products and services and creating content for hair and skin services. Our company has also expanded our portfolio of body contouring and plastic surgery services in the Middle East region. Our company has also developed an AI based skin assessment tool which aid doctors to show clients the predictive image post use of certain services like acne and pigmentation.

Our focus on both markets was on safety for employees and clients while opening the clinics during the COVID 2019 pandemic second wave event. The business has adopted the highest of COVID 2019 compliance standard in both the market in lined with the WHO guidelines. Most of our employees who are eligible for vaccination have been vaccinated. I will hand the floor to Saurabh once more.

**Saurabh Shah:** Thanks Rajiv. The detail information update is already available with you and I open the session for question and my colleague and I would be glad to answer the question

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ishit Sheth from Anvil Wealth. Please go ahead.

**Ishit Sheth:** Good evening Sir. Just couple of questions any update of the new website that we were planning to launch and can you highlight some of the other digital initiatives that we are likely to embark on when it comes to Kaya India?

**Rajiv Nair:** Eshit as mentioned in the last quarter the work on the website is almost at the last stage and we should be able to launch the website in this quarter. We will start with sale of products through the website but we will progressively also add services and have a solutions approach on the website.. On the other digital initiatives, as we mentioned we have a tie up with Curefit and our services are now listed on Cult Fit app in about five main cities across the country. We do expect this to bring in about 5%-6% of our total revenue to come through this route of digital acquisition of customers into our clinics

both from our own website initiative as well as partners like Curefit. We have also tied with digital first companies like Cred and Magicpin where we will also do some amount of customer incentivization, which will also bring in digital customers from the ecosystem. A lot of digital marketing communication was sent out during the period when we shut down the clinics and then reopened. Some of the initiatives have been very successful especially the use of vernacular across certain regions for example in cities like Ahmadabad in Gujarat and in the city of Mumbai and in Bengaluru we used local language communication through digital. While the clinics were shut down we also created a lot of dermat related videos. We plan to create a lot of content around skin and hair services over the next six months but we started of that exercise with our dermats actually working with influencers and creating Instagram and Facebook videos which is something that we will be continuing to create as content bank for the brand. We also got a lot of customer testimonial which were uploaded on our Facebook and Instagram websites to be able to tell customers as to what are the steps that we have taken in terms of COVID safety in the clinic. E-commerce for the for quarter has hit the numbers we had predicted but the second quarter onwards we will also have our website, starting to sell products in a larger way. I think that is sort of revenue generation though E-commerce so that broad digital activity that we have done in the last one quarter.

**Ishit Sheth:**

Sir the second question is on normalized revenue run rate for India as we had highlighted couple of quarters back, the corporate expenses as a percentage of sales had come down to 17% to 18% now when you talk about hiring an external consultant what is the final objective of reduction in costs?

**Rajiv Nair:**

Actually, while we have used the consultant and we are currently at stage 2 which is basically the implementation phase where we start to see results in P&L. So the first quarter basically was evaluation of various lines of expenses, including people expenses and the implementation actually happens between Q2 and Q4 so you will start seeing benefits from there. I currently do not want to put a number on it, but the savings will be significantly higher than the expenses we incur on consultancy.

**Ishit Sheth:**

Can you give a payback period for that generally. Like you were to spend X amount do we expect that?

**Rajiv Nair:**

We will get the results within 1 year itself. One year annualized so if you start getting savings from the month of September then within one annualized year we should be able to see returns on this investment.

**Ishit Sheth:** The next question is obviously July has passed by how do you see the recovery happening for India specifically the entire business vertical in terms of services and product for Kaya India?

**Rajiv Nair:** Very encouraging I would say. I do not want to put a number to it but actually June and July there has been significant upside on customers I would say overall sentiment to buy. Customers volumes are still limited in terms of the number of customers who are coming in. Number of services taken by customer per visit has actually increased and also propensity to spend is pretty strong and there are certain segments, I mentioned last time also Eshit, on areas like laser hair removal there seems to be a popular feeling now that it is a safer option for hair removal in comparison to things like waxing, so we see a significant upsurge on the laser hair removal vertical. Strangely enough this time acne, anti-ageing and fairness pigmentation has also picked up faster than what we did last year. So we do believe that customers feel a little bit more comfortable right now also because of vaccination both ends almost all our employees are vaccinated, quite a few of our customers also vaccinated.

**Ishit Sheth:** All in all you think that in terms of recovery, if you compare to second half of last year especially Q4 then the second wave had not hit us. I think recovery in terms of revenue recovery should be faster and better as compared to last year is that correct?

**Rajiv Nair:** In comparison to last year definitely yes. How it pans out all depends, just in case there is a third wave at this stage people are getting out of second wave and also Bombay and other cities that have actually restricted movements till now into stores and stores were not allowed to open beyond 5 o'clock, 6 o'clock now that has also been opened up so I think the overall sentiment would be good. Cities like Delhi and Bengaluru have more or less normalized but cities like Mumbai were still slow to come in but I think this month onwards there seems to be a lot more relaxation.

**Ishit Sheth:** Sir you had appointed two additional directors whose profile is obviously incredible. Can you share some thoughts on the same like how would it help Kaya in the medium to long term with their expertise.

**Rajiv Nair:** Saurabh, you want to just run over the profile very broadly ones just in case.

**Saurabh Shah:** Vasuta is MD for Asia Pacific at InMobi, she has featured in the Campaign Asia "Women to Watch 2020" list.. She is also on online marketing background.. She has been with InMobi, one of the first start up and Unicorn Company to go for global from

India and she has worn many hats in her time there from founder's strategy to product to business goals. So basically, she is more from IT marketing, digital marketing profile prospective with regards Mr. Om Manchanda. I would say Om Manchanda is Managing Director of Dr. Lal Path limited and he has done MBA from IIM Ahmedabad and alumina of Harvard Business School and more from the business perspective, good insight can come from business as well as medical background, so these are the broad backgrounds

**Rajiv Nair:** Eshit, just to round that off, I think Vasudha brings in digital marketing and mobile marketing experience and that is something that is quite handy for us because all our communication going forward is going to be digitally focused. So a lot of interactions we have already with her have been fairly useful and we continue to do that. Dr. Om Manchanda has a very strong background of running pathology chain across India & a profitable business as well. So also from physical clinic standpoint there are lots of learning that we can bring through him and his own successful journey as a person leading chain of pathology centers. These are two things that is useful for us.

**Ishit Sheth:** Sir broadly I would summarize that the expertise of Ms. Vasuta would be more from a product side of business and for Om it will be more from the service side of business is that correct?

**Rajiv Nair:** I would change that one is physical business growth and profitability that is Om has got a lot of experience. Vasuta brings in overall digital experience. I would not just put it as product experience but overall digital experience, yes.

**Ishit Sheth:** One question for Vikas if he is on the call. In terms of Middle East I think again encouraging revenue run rate in this quarter but again we fall short of crossing that 50 Crores kind of mark. I think this last quarter there was some impact for one week or 10 days if I remember correctly but what was it that led us to not achieve 50 Crores plus in Middle East?

**Vikas Agarwal:** We have had intermittent disruptions this quarter, unlike last quarter when we were shutdown in certain clinics for a longer time. This quarter we had issues in Abu Dhabi with the city facing a very high COVID situation, especially amongst people who were vaccinated with Sinopharm 6 months back. There were huge restriction, the city has put in place, with even an employee getting COVID without symptoms in the clinic leads to a shut down for a day or two, to be sanitized and then reopened and we faced lot of employee gaps, because they had to quarantine for 10 days. in all there has been at least

15% to 17% mandays loss that we have seen, coming out of almost three clusters contributing almost 55% of the business, while 45% of the business has been doing very well. Dubai for example, as a city, we have done 105% of pre COVID and in June we were 115%. Even Riyadh in Saudi Arabia has done 105% in Q1 and 125% in June. So there are clusters which are doing very well. We will ramp up further am sure, because if the mandays loss is removed, we would have been beyond pre COVID and even the profitability would have grown further. We are expecting some disruptions to continue even in the next quarter, hopefully not to the extent of Q1, because the vaccination with Pfizer is ramping up in clusters like Abu Dhabi

**Ishit Sheth:**

In terms of the quarterly repayment of debt are we on track with that. And do you see that especially second half for Middle East things will be in a much better position than what we are even today?

**Vikas Agarwal:**

It should be because if you look at the vaccination rate in all of the GCC countries, it is quite high. UAE we see a problem because sinopharm period of efficacy was a question, but the way the country is vaccinating on Pfizer, I think another two months when the country should stabilize. Saudi Arabia again is ramping up on vaccination, again with Pfizer, Oman too. So I think from a COVID standpoint, H2 should be a lot more stable plus expo2020 is going to come in, which means a lot of traffic is going to come in, today for example UAE, has completely locked down India, but am sure they will open up during the expo, when the country needs traffic and the opening up will also help us in terms of recruitment and customer traffic. So, definitely COVID situation should be better, plus internally we are preparing ourselves to counter these COVID disruptions, and not wait for COVID to go away and help us in turnover. We have some initiatives already, wherein, we have had wins in Q1, and we think we will be able to ramp them up further. There are three things that we have done in Q1 which have clearly helped. We for years have not been playing in the price war of laser services. We have done a price remodeling in the vertical and done a prototype in some markets in Q1, where the idea was to increase our client base in laser. We have had some wins in May and June, and we believe that in the coming quarters this will definitely help us and be able to counter the disruptions,. The other win has been body, where we scaled up a few machines in Q1 from where we were. Just to give a perspective of the win here - we were doing almost INR Rs.4 Crores annualized turnover last year.. In a matter of two months the annualized turnover has gone up to almost INR 7 to 8 Crores. We are very excited about it. We feel a high potential in body and like Rajiv had said in his introduction, we are going forward with that to see how much more we can ramp up in the vertical. Therefore, While on one side, we are ramping up client base, on the other side we are talking about solutions

which are less clients, more value, which is body and plastic surgery. We do both well, and we will be able to counter the disruption and still move forward on turnover. And yes hopefully the COVID situation should also get a lot better and stable, to help us further.

**Ishit Sheth:** Your overall laser category. Would contribute how much at a percentage of sales now in Q1?

**Vikas Agarwal:** Righty now we are at 26% contribution, pre COVID we had a contribution of almost 29% to 30%, but the other doctor led verticals have grown much faster, body has grown much faster. laser right now is around 85% of pre COVID but we are very hopeful to ramp it up.

**Ishit Sheth:** Broadly if you see over the short to medium term we accept that laser as a category will come down as other treatments pickup for Middle East and that will help in overall making the business model much more consistent?

**Vikas Agarwal:** Laser should not come down. In fact now we are going aggressive on laser client count and business. In the short term this will help us grow client base, which will help. grow the client base of doctor led verticals like body, hair, plastic surgery, and anti-ageing,. So while on one side we are going to grow the client base through laser, on the other side we will have verticals which we are very focused on efficacy, which are going to ride on this client base.

**Ishit Sheth:** One question for the day, I have seen seeing similar trend of consolidation happening across the industry where organized players like Kaya are perceived as much safer and more and more people are coming to us compared to competition and competition has also weakened in this entire COVID pandemic phase?

**Rajiv Nair:** Just to answer that I think definitely we see disruption which has happened because of COVID across the semi organized and organized players even I would say some amount of salon traffic has moved to clinics, especially around areas like laser hair removal some of the organized competitors have also been impacted in the last one year almost because of cash flow situation. I think the understanding that Kaya is a safe environment to come has been positive for us. How much business has really moved there are no clear numbers to it but definitely we can see customers coming from competition in salon into the clinics during this period.



- Ishit Sheth:** Thanks a lot. I will come back in the queue.
- Moderator** Thank you. The next question is from the line of Suresh Kumar an individual investor. Please go ahead
- Suresh Kumar:** This is Suresh Kumar. Thank you for providing the opportunity to ask the question. I have three very small questions. One is that is there any plans to close few clinic this year, if at a call is taken how many. Second is very small one was there any salary that you cut and third is how are the rentals affected for the clinics this year? Thank you.
- Rajiv Nair:** Your questions are largely around the cost of operating the business, so we took a decision to shut down almost 23 clinics around FY2019 and FY2020 and we do not foresee any major clinic shutdown in the near future in fact we have also relocated some clinics for better rentals but with better locations over the last one year. At least one clinic in Chennai has been re located. We are looking for more such opportunities where we can bring down the rent but get to a better location because there is some room for negotiation that is available in the market today. Secondly on the rental negotiation, we have been to negotiate this time as we did last year but of course the quantum of reduction of rent this year is much lower than that of last year only because the situation has come under control much faster this year in comparison to last year, so we have seen 50% in case of certain months 100% but almost about 45% -50% reduction in terms of rent in quite a few clinics in the last quarter that is the second part. The third mention you mentioned was salary is it.
- Suresh Kumar:** That is correct.
- Rajiv Nair:** We did take cuts on salaries through the last quarter especially in month of May where we had heavy disruptions and systems were shut down. Right up the clinic operations level to the back-office level we took cuts in salary but those will come back in fact they are as we speak coming back to normalcy in the business and that is something we did as temporary measure to save our cash.
- Suresh Kumar:** That answers my question. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Shrey Sahu a individual investor. Pease go ahead.
- Shrey Sahu:** Mr. Nair congratulations you have been doing great job in terms of targeting and bringing it close to breakeven. I just have couple of questions and one suggestion. My first

question is the digital initiatives that we are taking and the online consultation we were talking about what kind of traction are you seeing from tier 1, tier 2, tier 3 cities in online consultations and what kind of promises are you seeing there?

**Rajiv Nair:**

As far as web consultations are concerned our volumes are still not very large. Our E commerce is the major revenue driver and if you notice in the last quarter also while there was disruption about 22% of our business actually came from E commerce. Our major players in that segment are Amazon and Nykaa and we service more than 1000 pin codes right now through them so obviously the business is not restricted to only larger cities, we are also in the tier 2, tier 3 cities. When I am saying our own website, it will create capabilities of web consultation with a proprietary product for ourselves and that will kind of help develop web consultation. We do not expect huge revenues from web consultation as much as it becomes the lead funnel into the business, and we are able to attract customers to buy product and services of Kaya through the web consultation process. So definitely you will see web consultation growing as a segment going forward. As of today, it is a very minimal part of our business, but it will definitely generate new customers for the brands through this. The D2C website that we are planning to launch also our ambition is to definitely make it a good quality website that will also fire up the product sales for our business and going forward become a solutions website where we are able to sell services, products, and content to customers. Not really sell content provide content to customers, so that is the answer as far as digital initiative is concerned. Am I missing any of your questions?

**Shrey Sahu:**

Just a followup to this question, when you say your web consultation are going to get you more customers, I understand it is more about lead generation and all, but how are we going to move beyond the barrier of physical geography into the cities where we do not have our presence as clinics?

**Rajiv Nair:**

We have been discussing that products have to become a strong part of our business model, it is about 30% of our business but we do expect this to rise to 40%-45% on the business and we do expect all of that growth to be largely driven by digital channels. Digital when I am saying not just E-commerce through customers coming online but also an omnichannel approach where people can buy products even at clinics using web, so I think that is the model that we are actually trying to build. I do not think physical services we can deliver to smaller cities because we do not have physical presence, unless we do some partnerships and collaborations like franchise. At this stage, it is not high priority for us but products we can deliver to almost even on our own website, we are

able to service 800 pin codes we hope to increase that substantially once we launch our D2C website.

**Shrey Sahu:**

My next question would be when I did my research on Kaya what I found is there are two different ends of the spectrum when it comes to the opinion that people carry about Kaya as a brand. One end of the spectrum is your loyal customers which contributes your north of 80% retention rate and all that and the other end of the spectrum is the one which considers Kaya as either overpriced and overrated as a brand now that is perception. My question here is, are we aware of this? This is the first question. Second is are we working towards collapsing these two different diverse or different ends to the spectrum into something which is more acceptable for people where Kaya is perceived as a brand and is considered like something that people can aspire for and not overpriced or overrated?

**Rajiv Nair:**

Very good question. We are mindful of the fact that affordability is something that is needed for at least in a country like India for any particular offering to grow and we have been making a conscious effort over the last three years to bring down the prices to a level where young people especially millennial can afford brand Kaya since our route of communication is largely digital our actual target group that we are communicating to is an 18 to 35 year old consumer, not all of them can afford all the services that we actually do. There are certain acquisition services like laser hair removal and acne and fairness pigmentation where we have brought down our prices progressively. So there are people who probably have not visited a Kaya clinic in the last couple of years, who will probably still carry a perception of high pricing wherein the prices have actually come down by upwards of 15% in some cases 25% to 30% down in these acquisition category. The other is we are consciously in digital and social media trying to kind of focus on the product approach as well so people who cannot afford or do not want to come to a clinic for services can also buy a product which are highly efficacious so get across to the consumers especially the younger consumer both in form of affordable services, which become acquisition services and also through products. So that is the way we looking at it. We are mindful of it. I would not call it overrated but overpriced in the perception of customers. I think that is the perception we want to kill and because now we are reaching out to a lot more customers through the digital funnel we are probably able to explain all of that a little better than in the past. Third thing just wanted to clarify also to you is that now all our services are available on an EMI basis. We in fact work with companies like Bajaj Finance quite a lot in the last one and half years, so which means customers are in a position to acquire services almost on a zero percent EMI basis. So customer who could not afford to pay 50% 40% of the service value in one tranche are today able to credit

across 6 to 9 months of payment so that is another thing that we thought younger consumers, first time jobbers could potentially buy services at a better price so that is something that we are also gone ahead and done.

**Shrey Sahu:** That sounds good. My next question is kind of suggestion as a follow up to this. I would like to ask you was do you look at any lead indicator to identify who can be your potential customer within the 18 to 36 or 40 age group. Do you have any lead indicator to find out? This was the persona that I want to target and this is the kind of person who is going to go ahead and take my services? It is a regardless game, but is it possible.

**Rajiv Nair:** It is a very forward-looking suggestion because I think that is the place that we are also trying to do, so using analytics amongst our existing client base we are trying to build persona for customers and that does not mean only HNI customers or premium customers alone, it could be a non-member at an entry stage only buying products from Kaya. So we are actually building customer personas as we speak and that is something that we use for cohorts targeting in digital. That is an area that I think the marketing team is also trying to do. We are also trying to find ways and means there. We are not just going to big cities as I mentioned into smaller cities and also looking at new methods of communication like vernacular because we do not think all of the persona or people who come to Kaya necessary are people who are going to be affluent rich and only in big city, so we are also trying to find ways and means to get across to people. In fact some of our experiments in vernacular in the last one month have been very, very successful in certain states right specifically the local language speaking is very, very strong and also we are doing a lot of video-based content recently, so lot of dermats videos are being created, lot of things have been done to make the brand a little bit more accessible better understood by customers than what they do in some cases. Personas are definitely a very strong way and when cohort targeting is something that we are trying to do.

**Shrey Sahu:** I have suggestion out here in terms of persona, it is not 100% correlated but what I ended up finding whenever I found higher customers it is more often than I found them using phone, so if you could target such people you could have a better chance?

**Rajiv Nair:** Another couple of ideas, I think we are floating is affiliate marketing to look at people who are going to particular type of brands and could be potentially tie with those kind of brands. I do not want to name any because we are trying to make these tie ups happen over the next one or two quarters because their customers could be our customers. For example today we are using a tie up with Cred and Cred customer's are basically affluent upper middle-class consumers with strong credit ratings and stuff like that. Those

customers could be potential customers to Kaya. Cultfit was another example, where we said fitness orientated young consumers from largely tech driven type of companies are people who could also be interested in skin and hair services and that is why we went up and tied up with Cult. This kind of affiliate collaborative marketing is something we are looking at very strongly in the next few months.

**Shrey Sahu:**

That is really encouraging to hear. Similarly, Apple has a designated seller in India maybe you can think of tying up with or maybe you can get that database whichever legitimate place you can get out. Get that information out and maybe market to them. That can help a lot. My last question would be on the digital marketing front, it was discussed that you have hired people and you have hired someone at VP level from Baskin Robbins so what is it that you are trying to achieve in a focused way. There are brands that came after Kaya which were product focus then maybe Kaya was not that product focus in this and they were catering to another category of customers like Mamaearth and brands of that sort but they got the digital world by fire and they have been able to really scale wonderfully in a short span that they have been in business are we looking at actively focusing on influencers on Instagram and places like these to really market Kaya to its full potential?

**Rajiv Nair:**

I think good point again. They are very good brands that you have mentioned and these have really been internet first brands and then they have fortunately come much later but probably come with new learning and have grown very quickly as internet forward brand, so I think that we probably were a little late in the game but now the entire ambition is the next 2 to 3 years journey for Kaya would be more focused on digital both from the digital marketing initiative at the same time building certain tools which would be used for reaching out to customers. The D2C website being one strong such tool and creating our own things. The difference that I would say and I would say the positive about Kaya is while most of them claim to be dermatologically backed products we are also backed with 100 doctors who are available for you to consult online if you want to and that gives a little bit of position of strength to say that we understand the Indian skin. We have been in business for 18 years looking after Indian skin and that is why our products are far more credible than that of others so while we had not said this story very strongly on digital, we will do that over the next few years and hopefully we should be able to get into position of strength on the digital side in the next couple of years.

**Shrey Sahu:**

That sounds really encouraging. All the best for all the strategies that you have and may you reach breakeven and topline.

- Moderator:** Thank you. The next question is from the line of Vijay individual investor. Please go ahead.
- Vijay:** It is good to see that you are targeting 18 to 35 but another very large chunk of population 45 or early 50s, I am talking about 45 to 55 range where we have huge population, you want to age, are you looking at products. I do not see any other chain or standalone clinics targeting such or communicating in that way. That is one huge opportunity for us. Can I hear anything from you.
- Rajiv Nair:** It may not be purely external marketing communication or digital communication. This will not be very focused communication towards the premium senior consumer, the 45 plus consumer that we are talking about. That can come through collaborative marketing, through referral program, CRM and various other things because if you realize in our business almost 18% to 20% of our business purely comes this customer already. The 40 plus customer is coming to anti-ageing as a service and our investment from this area in terms of technology over the last one year also has been fairly strong. We introduced HIFU machines in the business. We already have a product called Thermage in the business and we also recently started doing a lot of work on Creds which is another way of rejuvenating skin and hair. It is something that we have actually brought into, so our technology portfolio in this space in the premium end is fairly strong. Only thing is we need to do selective communication because our main communication has to be focused towards the real TG of Kaya that we want to reach out incidentally in India it is going to be a younger consumer but at the same time the premium consumers does exist, the older consumer does exist. We are in fact trying to make the brand a little bit more younger, does not mean we will not focus and communicate to these customers part of this communication comes from CRM and referral where we do a lot of work with our existing customers in this eight segment and we also get good amount of new traffic through referrals and convert rates on this referrals are pretty good. Last but not the least investment on technology and machinery is also focused towards the premium end of customer. Products if you also look at we do have a very good range of anti-ageing products, in fact there is complete portfolio of anti-ageing product and going forward in this financial year itself you will see about 3 to 4 launches which are purely targeted to the anti-ageing segment. Now anti-ageing in our business does not necessarily mean a 45-year-old consumer anybody upwards of 30 could use anti-ageing product for just rejuvenating the skin.
- Vijay:** I am sorry for this. I think I have a poor network. Rajiv you guys must be encouraged on the way, Nykaa's IPO is shaping up, people are really encouraged evaluation of 4-to-5-billion-dollar kind of valuation so these things are really exciting even for Kaya now

because Kaya is also right now I think coming up with a digital D2C portal and lot of digital initiatives happening and all the very best Rajiv and team.

**Rajiv Nair:** Thanks a lot.

**Moderator:** Thank you very much. The next question is from Milan Shah from Urmil Research. Please go ahead.

**Milan Shah:** Sir I wanted to know how many anti-ageing machines you have to installed.

**Rajiv Nair:** Typically anti-ageing machines are not installed in the same abundance as the other machines. We do have premium technology like from Bausch & Lomb we have a product called Thermage which we have about 10 installations. We have products like HIFU which is a very recent introduction in India, very common in Middle East. We have done about six installations recently. Then we have various other hair products like micro-needling RF and all that stuff where we have about 20 odd machines in the country, so anywhere between 5 and 20 installations in any of the machinery for anti-ageing is something that we introduced. It is not available in every single clinic of Kaya.

**Milan Shah:** I understand because you have a great survey where we put our machines. Thank you Sir for my question and congratulations.

**Moderator:** Thank you very much. As there are no further questions, I now hand the conference over to the management for their closing comments.

**Saurabh Shah:** Just to conclude the group is closely monitoring the developments with the possible effect that may have risen from the current pandemic on its financial condition, liquidity, and operations and effectively working to minimize the effect of this unprecedented situation. Thank you for participating in the call. Be safe and take care.

**Moderator:** Thank you. Ladies and gentlemen on behalf of Dolat Capital that concludes the conference. Thank you all for joining us. You may now disconnect your lines.